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Foreign Control of Ontario Industry



Ontario

Ministry of Treasury
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FOREIGN CONTROL OF
ONTARIO INDUSTRY

Ministry of Treasury, Economics
and Intergovernmental Affairs

July, 1976

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SUMMARY

This report updates the data on foreign control of non-financial industry in Ontario. Its purpose is to reveal the magnitude and distribution of foreign-controlled industry in the province.

Between 1969 and 1973, the degree of foreign control in Ontario industries was substantial but without dramatic change. On the average, foreign-controlled corporations provided one half of the total non-financial corporate taxable income in Ontario and employed approximately one-third of the labour force. The foreign controlled corporations tend to be larger and more capital-intensive than the average in Ontario.

Foreign controlled corporations are concentrated in the larger industries: manufacturing, wholesale and retail trade and services. Three-quarters of Ontario's foreign controlled corporations are in the manufacturing sector and, as a result, two-thirds of this sector, measured in terms of taxable income, is foreign controlled. On a similar basis, U.S. corporations constitute 90 per cent of our foreign controlled corporations.

The principal piece of legislation influencing foreign control is the federal Foreign Investment Review Act which has been in force only since April 1974. Provincial governments have a role to play in the FIRA process, providing a position on each takeover or investment application in their jurisdiction. In the first two years of operation, a total of 161 foreign acquisitions and 42 new investments judged under the Act involved Ontario.

I. INTRODUCTION

Foreign control of domestic industry is an issue which has received special scrutiny in Canada in recent years. The publication of the Gray Report and, subsequently, the establishment of the Foreign Investment Review Agency have tended to focus public attention on the federal role in regulating the foreign presence in Canadian industry. More recently, however, the publication of a series of reports prepared by the Select Committee of the Ontario Legislature on Economic and Cultural Nationalism, and some recognition of the significant provincial role in the federal review process, have shifted some interest onto provincial responsibilities in this area.

Until recently, there has been little attention devoted to the basic data concerning the activity of non-residents in the provincial economy. This was most evident throughout the reports of the Select Committee where the development of information and analysis aimed at Ontario needs was viewed as a priority. The purpose of this paper is to provide some of the basic information requirements for any further study of the role of foreign investment in the Ontario economy. It presents data revealing the magnitude and distribution of foreign controlled industry located in Ontario in the period 1969 to 1973.

III. FOREIGN CONTROL IN ONTARIO

Extent and Source

In Table 1, the taxable income of foreign and Canadian corporations is given for the years 1969-1973. The percentage figures indicate the proportions of taxable income earned by foreign and Canadian corporations in Ontario. The unclassified column represents corporations which are too small to be governed by the CALURA legislation. It can be assumed that the large majority of these are, in fact, Canadian owned. The data indicates no significant change in the degree of foreign control in the Ontario economy and, measured by volume of taxable income, foreign controlled corporations constitute one half of the non-financial corporations in Ontario. By the same measure, almost 90 per cent of the foreign corporations in Ontario are U.S. controlled. Foreign controlled corporations tend to be concentrated in the least labour intensive industries and, therefore, they employ fewer employees than their proportion of taxable income would suggest.

TAXABLE INCOME OF NON-FINANCIAL CORPORATIONS IN ONTARIO, BY COUNTRY OF CONTROL, 1969-73 (Per Cent)

Table 1

Country of Control	1969	1970	1971	1972	1973
Foreign	48.4	47.0	52.2	52.3	49.4
Canadian	42.9	43.8	39.4	40.6	44.4
Unclassified	8.7	9.1	8.4	7.1	6.2
Total*	100.0	100.0	100.0	100.0	100.0

Note: *Totals may not add due to rounding

Source: Annual Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part I. Corporations), Statistics Canada (Cat. No. 61-210, Annual), 1969-73.

TAXABLE INCOME OF FOREIGN CONTROLLED NON-FINANCIAL
CORPORATIONS IN ONTARIO, BY COUNTRY OF CONTROL,
1969-73 (Per Cent)

Table 2

	1969	1970	1971	1972	1973
U.S.	90.5	90.4	89.7	88.9	87.0
U.K.	6.4	5.5	5.4	6.1	7.6
Other Foreign	3.1	4.0	5.0	5.0	5.4
Total	100.0	100.0	100.0	100.0	100.0

Source: CALURA, 1969-1973

In comparison with other provinces, foreign controlled
corporations are over-represented in Ontario. This reflects the
fact that foreign investment in Canada has been concentrated in
manufacturing which is, in turn, concentrated in Ontario. Table 3
shows that Ontario has about 50 per cent of the foreign controlled,
non-financial industry in Canada. For comparison, 45 per cent of
industry and 36 per cent of population in Canada was in Ontario in
the 1969-73 period.

ONTARIO'S SHARE OF CANADA'S NON-FINANCIAL
CORPORATIONS BY VOLUME OF TAXABLE INCOME, BY
COUNTRY OF CONTROL, 1969-73 (Per Cent)

Table 3

Country of Control	1969	1970	1971	1972	1973
Foreign	49	50	51	51	47
Canadian	42	43	41	42	42
Unclassified	39	38	37	36	35
Total	45	45	45	46	44

Source: CALURA, 1969-1973.

Foreign control of non-financial corporations is relatively high in Ontario and Alberta and relatively low in British Columbia and the Maritimes. Corporations controlled from the United States also tend to dominate in Ontario and Alberta while the incidence of such corporations are under-represented in Quebec.

TAXABLE INCOME OF NON-FINANCIAL CORPORATIONS BY REGION,
BY COUNTRY OF CONTROL, 1973 (Per Cent)

Table 4

	U.S.	U.K.	Other Foreign	Total Foreign	Canada	Unclass- ified	Total
Newfoundland	0.5	1.3	0.8	0.6	1.4	1.2	1.0
Prince Edward Island	0.1	0.2	0.3	0.1	0.2	0.4	0.2
Nova Scotia	1.3	2.7	2.0	1.4	1.7	2.6	1.7
New Brunswick	0.9	1.2	2.7	1.0	1.8	2.2	1.5
Quebec	17.0	32.4	20.4	18.6	24.0	19.0	21.1
Ontario	49.4	42.1	33.3	47.5	42.0	34.7	43.9
Manitoba	2.8	2.8	3.9	2.9	3.8	4.1	3.4
Saskatchewan	2.3	0.9	2.0	2.2	2.2	4.6	2.4
Alberta	15.4	4.0	17.4	14.5	7.1	12.6	10.9
British Columbia	10.0	12.3	16.9	10.7	14.8	18.2	13.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CALURA, 1973

Industrial Distribution: Table 5 reveals the concentration of foreign control in each industrial sector throughout the period 1969-73. It expresses the taxable income of the foreign controlled segment of each industrial sector as a percentage of its total taxable income. The data indicates:

- Foreign control of Ontario industry is minimal in agriculture, forestry and fishing.
- It exceeds one-third in wholesale trade and one-quarter in the service sector.
- It exceeds two-thirds in manufacturing, Ontario's largest industrial sector.

- . In wholesale trade, the degree of foreign control is increasing. In retail trade, it is decreasing.
- . The sharp drop in 1972 in the proportion of the mining industry that was foreign controlled is accounted for by the reclassification of two large mining companies, Inco and Alcan, as Canadian controlled companies.

FOREIGN CONTROLLED SHARE OF TAXABLE INCOME OF
INDUSTRIAL SECTORS IN ONTARIO, 1969-73 (Per Cent)

Table 5

Industrial Sector	1969	1970	1971	1972	1973
Agriculture, Forestry and Fishing	6.7	10.5	7.9	3.0	8.1
Mining	56.2	81.4	70.8	23.8	15.5
Manufacturing	64.5	62.9	70.3	72.2	67.9
Construction	13.8	13.8	14.5	16.9	16.5
Utilities	9.6	7.6	11.9	11.2	12.9
Wholesale Trade	31.3	32.6	36.4	38.6	38.6
Retail Trade	31.4	29.4	28.1	21.0	15.2
Services	25.7	24.1	22.6	26.2	26.9
TOTAL	48.4	47.0	52.2	52.3	49.4

Source: CALURA, 1969-1973

While Table 5 reveals the relative size of the foreign controlled segment in each industrial sector, Table 6 shows the significance of these in the foreign controlled segment of the Ontario economy as a whole. The striking feature of this table is the significance of the manufacturing industry: more than three quarters of foreign controlled industry is in the manufacturing sector. The foreign controlled segment of the wholesale trade industry constitutes less than 10 per cent of all foreign controlled industry and the foreign controlled segment of other industries each constitute less than 5 per cent of the total.

TAXABLE INCOME OF FOREIGN CONTROLLED CORPORATIONS
IN ONTARIO, BY INDUSTRIAL SECTOR, 1969-73 (Per Cent)

Table 6

Industrial Sector	1969	1970	1971	1972	1973
Agriculture, Forestry and Fishing	0.1	0.1	0.1	-	0.1
Mining	3.1	8.3	3.1	0.9	1.3
Manufacturing	78.3	71.7	77.8	79.8	79.8
Construction	1.4	1.4	1.5	1.7	1.6
Utilities	1.6	1.5	1.7	1.5	1.6
Wholesale Trade	7.4	8.6	8.9	9.9	10.4
Retail Trade	5.1	5.3	4.3	3.2	2.2
Services	2.9	3.1	2.7	2.8	2.9
TOTAL*	100.0	100.0	100.0	100.0	100.0

Note: *Totals may not add due to rounding.

Source: CALURA, 1969-1973.

The foreign presence in industry is seen in a broader perspective in Table 7. Comparing the average figures for the years 1965-1968 with those for 1969-1973, there is a decrease in foreign control in all industrial sectors.

In spite of the changes, the degree of foreign control in Ontario industry continued to be substantial and it was greatest in the larger industries: manufacturing, wholesale trade, retail trade and services. The foreign control of manufacturing and wholesale trade was proportionately greater in Ontario than in Canada. In other industries, it was equal or less. Table 7 also indicates that any changes in the degree of foreign control in Canada were reflected in Ontario with only one exception: between the periods examined, the degree of foreign control of utilities increased slightly in Canada while in Ontario it decreased dramatically.

TAXABLE INCOME FOR FOREIGN CONTROLLED CORPORATIONS
BY INDUSTRIAL SECTOR, IN ONTARIO AND CANADA (Per Cent)

Table 7

Industrial Sector	Ontario 1965-68 Average	Ontario 1969-73 Average	Canada 1965-68 Average	Canada 1969-73 Average
Agriculture, Forestry & Fishing	14.3	7.2	20.7	10.0
Mining	59.3	49.5	55.0	61.9
Manufacturing	70.0	67.6	63.8	62.0
Construction	19.0	15.1	20.6	15.8
Utilities	20.9	10.6	22.1	24.1
Wholesale Trade	39.7	35.5	35.7	30.9
Retail Trade	36.3	25.0	37.4	24.9
Services	39.1	25.1	38.7	25.0

Source: CALURA, 1969-1973

III. EMPLOYMENT IN FOREIGN CONTROLLED INDUSTRIES

Foreign controlled corporations in Ontario accounted for one-half of the total corporate taxable income of non-financial corporations in Ontario in 1969-73, but it is estimated that they employ only one-third of the labour force in this sector. Thus, it appears that foreign controlled corporations are concentrated in the least labour intensive industries. In addition, foreign corporations may be above average in size and efficiency.¹ Small corporations are represented as unclassified in the Statistics Canada Survey. They are assumed in this study to be domestically controlled. These corporations constituted almost 20 per cent of the labour force, but generated less than 8 per cent of total corporate taxable income in the period under consideration.

EMPLOYEES AND TAXABLE INCOME OF NON-FINANCIAL CORPORATIONS IN ONTARIO, BY COUNTRY OF CONTROL,
1969-73 AVERAGE (Per Cent)

Table 8

Country of Control	Employees	Taxable Income
U.S.	31.9	45.5
U.K.	1.9	3.1
Other Foreign	1.4	2.2
Total Foreign	35.2	49.9
Canada	45.7	42.2
Unclassified	19.2	7.9
TOTAL	100.0	100.0

Source: Appendix Tables 4 and 6.

1. For an indication of the correspondence between size and efficiency in manufacturing (measured by value added per employee) see Appendix Table 8.

There are more than a million people employed by foreign controlled corporations in Ontario, and more than one-half of these are engaged in the high technology and capital intensive segment of the manufacturing industry. Local personnel are thus exposed to the sophisticated managerial and productive techniques employed by multi-nationals and other internationally competitive corporations, and these skills eventually spread to Canadian corporations as people change jobs and move around the economy. Foreign controlled corporations in the service sector also provide significant employment in Ontario.

EMPLOYEES OF FOREIGN CONTROLLED CORPORATIONS
IN ONTARIO, BY INDUSTRIAL SECTOR, 1969-1973

Table 9

Industrial Sector	1969 '000	1970 '000	1971 '000	1972 '000	1973 '000
Agriculture, Forestry and Fishing	10.0	15.2	12.2	4.2	10.6
Mining	18.0	30.1	26.2	8.1	6.4
Manufacturing	556.0	530.2	590.5	637.5	630.8
Construction	25.1	25.1	27.7	31.8	34.2
Utilities	21.3	17.2	27.5	27.8	32.9
Wholesale Trade	36.3	39.2	47.3	54.8	59.4
Retail Trade	111.5	107.0	99.5	81.1	60.2
Services	260.1	259.3	257.9	314.9	337.1
Total Non-Financial Industries	1,038.3	1,023.2	1,088.8	1,160.2	1,171.6

Source: Appendix Table 6.

Job creation by foreign controlled corporations in Ontario averaged 4.9 per cent annually in the five years analyzed. This was significantly faster than the 3.4 per cent increase in employment generally in the province, and indicates the important contribution of foreign corporations to economic growth.

IV. SOME IMPLICATIONS

The foregoing pages describe the extent and significance of foreign control of industry in Ontario in the period 1969-73. Foreign direct investment, and its concomitant foreign control, comes with a mixture of costs and benefits. Consequently, formulating policies concerning the foreign control of industry is a complex undertaking.

On the one hand, there is a recognized need for foreign capital. In the coming decade there will be a high demand for capital investment in natural resource and energy projects, transportation systems, housing and the expansion of manufacturing capacity. To the degree that domestic sources of capital cannot satisfy the demand, foreign investment is necessary. In addition, foreign investment has resulted in a broader range of high technology, employment opportunities and market access than might otherwise have been available. Thus, any policy designed to limit foreign control by inhibiting foreign direct investment should be supplemented by a policy which would encourage domestic savings and, perhaps, foreign portfolio investment.

On the other hand, a substantial segment of the economy is already foreign controlled and there is a growing recognition of the cultural and economic problems which this entails. There is concern, for example, that foreign controlled corporations in Ontario do not constitute complete corporate entities. Rather, many are branch plants which have been put here to penetrate a tariff barrier and, thus, their production is restricted to satiating domestic demand. Research, innovation and the development of export markets may not be

emphasized. This kind of corporation may be vulnerable to changes in the international tariff structure. In addition, they may offer a less extensive variety of employment opportunities since some corporate functions are performed at a head office abroad. Moreover, a large segment of the economy in foreign hands could expose Ontario corporations to the direct policy influence of a foreign government.

When it created the Foreign Investment Review Agency to screen foreign acquisitions of Canadian enterprises, the federal government adopted a view that domestic control of the economy was desirable but should be accomplished in a manner which would not close off the benefits of access to foreign capital. However, the Agency has operated with the ambiguous criterion that foreign acquisition must be of significant benefit to Canada. Some elaboration of this criterion would diminish the discretionary powers of the administrators and would create a more stable and predictable business environment. Moreover, provincial policies governing foreign control can be better coordinated with the federal policies if they are clear and consistent.

The foregoing analysis has highlighted the fact that the economy of Ontario, and the nature of the foreign control problem here, differs from that of other provinces and, thus, one cannot expect federal policy on foreign ownership to be exclusively tailored to Ontario's needs. Consequently, the Province may have to become more explicit in formulating and expressing a policy of its own on the foreign control of industry.

It is worth noting that the federal policy on foreign control has been in a state of flux for the past few years. The concern over the degree of foreign control provided the stimulus for the commissioning of the Gray Report, Foreign Direct Investment in Canada.² It recommended strong action to repatriate the Canadian economy. In 1974, the Foreign Investment Review Agency was created to prevent foreign takeovers which would not be of significant benefit to Canadians. Since then, it has rejected only one-sixth of the applications received. Subsequent statistical analysis, utilizing data provided by such sources as the CALURA Report used in preparing this paper, has shown that foreign control was not increasing as had been assumed.

Finally, Ontario's policy governing foreign controlled corporations must take into account not only the policies of the Foreign Investment Review Agency, but also related federal policies such as those governing tariffs and trade. Here, again, the importance of an Ontario policy on the foreign control of industry, and especially the manufacturing industry, is reinforced. The costs and benefits of foreign controlled corporations in Ontario, and Ontario's vulnerability to federal policies which may, or may not contribute to Ontario's best interests, call for a policy on foreign control which is integrated into a comprehensive industrial strategy for Ontario.

2. Information Canada, Ottawa, 1972.

APPENDIX

METHODOLOGY

Foreign Control: Most of the data in this report has been collected and published by Statistics Canada under the authority of the Corporations and Labour Unions Returns Act (CALURA). This Act governs those corporations with gross annual revenues exceeding \$500,000 or assets exceeding \$250,000 with the exception of crown corporations and corporations governed by other legislation such as the Canadian and British Insurance Companies Act, the Bank Act, the Loan Companies Act, the Small Loans Act, the Radio Act and the Railway Act. The foreign control of industries not governed by the CALURA legislation is assumed to be very small. The majority of the corporations which did not exceed the minimum size are proprietorships. Large corporations excluded from the CALURA legislation are generally subject to other statutes with ownership requirements which tend to ensure predominant Canadian control.

Foreign control, in the CALURA definition, is assumed where a corporation has 50 per cent or more of its voting rights held outside Canada or held by one or more corporations which are themselves foreign controlled, in the absence of conclusive evidence to the contrary. The country of control of a corporation is designated as that which holds the majority of the voting rights. Control is considered to be Canadian, however, where the foreign controlled voting rights exceed 50 per cent but are diffused over two or more

different countries and where the largest single block of voting rights is in Canada. In all cases, an attempt is made to judge the location of the effective control of a corporation.³

Allocation by Province: Information which reveals the magnitude and distribution of the foreign control of industries in Ontario is not readily available. In this report, it has been necessary to work from taxable income statistics provided by the Corporations and Labour Unions Return Act. It is assumed that data on taxable income accurately reflect corporate activity.

The phenomenon which might be identified as the multi-provincial corporation complicates the task at hand because it is necessary to make a judgment allocating the activity of one corporation among several provinces. This problem is surmounted by using the formula included in the Income Tax Regulations for allocating the taxable income of a corporation among provinces.⁴

3. Relatively small stock transactions will not lead to the frequent reclassification of corporations which have approximately 50 per cent of their voting rights in a foreign country. Corporations are reclassified when there are grounds for claiming that there has been a change in effective control. A more detailed description of the concept of ownership is found in Part I of the Corporations and Labour Unions Returns Act, 1969.

4. This is expressed by the following: $1/2 \frac{r}{R} + \frac{s}{S} \times TI$, where:

'r' is the gross revenue for the year reasonably attributable to a jurisdiction;

's' is the salaries and wages for the year reasonably attributable to a jurisdiction;

'R' is the total revenue for the corporation for the year;

'S' is the total salaries and wages for the year; and

'TI' is the taxable income to be allocated.

For further details, cf. Statistics Canada, Corporation Taxation Statistics (Cat. No. 61-208, Annual), 1971, pp.44-45.

TAXABLE INCOME OF NON-FINANCIAL CORPORATIONS IN ONTARIO, BY COUNTRY OF CONTROL, 1969-1973

Appendix Table 1

Country of Control	1969				1970				1971				1972				1973			
	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total	\$ of Ontario Million	% of Ontario Total		
U.S.	1,069.7	43.8	51	987.5	42.5	52	1,218.8	46.8	53	1,443.3	46.5	53	1,719.1	43.0	49					
U.K.	76.2	3.1	39	61.1	2.6	35	74.1	2.8	37	100.5	3.2	41	150.8	3.8	42					
Other Foreign	35.8	1.5	36	45.3	1.9	38	67.8	2.6	34	79.2	2.6	35	105.8	2.6	33					
Total Foreign	1,181.7	48.4	49	1,093.9	47.0	50	1,360.7	52.2	51	1,623.0	52.3	51	1,975.7	49.4	47					
Canada	1,046.2	42.9	42	1,019.1	43.8	43	1,025.8	39.4	41	1,260.8	40.6	42	1,773.7	44.4	42					
Unclassified*	211.7	8.7	39	212.2	9.1	38	220.2	8.4	37	219.1	7.1	36	247.5	6.2	35					
TOTAL	2,439.6	100.0	45	2,325.2	100.0	45	2,606.7	100.0	45	3,102.9	100.0	46	3,996.9	100.0	44					

Note: *"Unclassified" corporations refer to those which are too small to be governed by the CALURA legislation. Throughout this report, these are assumed to be Canadian controlled. Crown corporations, financial institutions and other enterprises exempt from CALURA legislation are not included here.

Source: Annual Report of the Ministry of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part 1, Corporations), Statistics Canada (Cat. No. 61-210, Annual), 1969-1973.

TAXABLE INCOME OF FOREIGN CONTROLLED CORPORATIONS IN ONTARIO, BY INDUSTRY, 1969-1973

Appendix Table 2

	Agriculture, Forestry and Fishing	Mining	Manufacturing	Construction	Utilities	Wholesale Trade	Retail Trade	Services	Non-Financial Industries	Total*
<u>1969</u>										
Taxable Income (\$ million)	0.8	36.7	925.8	16.6	19.3	87.1	60.6	34.8	1,181.7	
Share of Total Industry (%)	0.1	3.1	78.3	0.1.4	1.6	7.4	5.1	2.9	100.0	
Foreign Controlled Share (%)	6.7	56.2	64.5	13.8	9.6	31.3	31.4	25.7	48.4	
<u>1970</u>										
Taxable Income (\$ million)	1.2	90.3	784.7	15.8	16.3	93.7	58.4	33.5	1,093.9	
Share of Total Industry (%)	0.1	8.3	71.7	1.4	1.5	8.6	5.3	3.1	100.0	
Foreign Controlled Share (%)	10.5	81.4	62.9	13.8	7.6	32.6	29.4	24.1	47.0	
<u>1971</u>										
Taxable Income (\$ million)	0.9	42.1	1,059.3	20.2	22.6	121.7	58.2	35.8	1,360.7	
Share of Total Industry (%)	0.1	3.1	77.8	1.5	1.7	8.9	4.3	2.7	100.0	
Foreign Controlled Share (%)	7.9	70.8	70.3	14.5	11.9	36.4	28.1	22.6	52.2	
<u>1972</u>										
Taxable Income (\$ million)	0.5	14.5	1,295.3	28.4	25.0	161.3	52.6	45.4	1,623.0	
Share of Total Industry (%)	**	0.9	79.8	1.7	1.5	9.9	3.2	2.8	100.0	
Foreign Controlled Share (%)	3.0	23.0	72.2	16.9	11.2	38.6	21.0	26.2	52.3	
<u>1973</u>										
Taxable Income (\$ million)	2.0	26.3	1,576.7	31.5	32.4	204.8	44.2	57.8	1,975.7	
Share of Total Industry (%)	0.1	1.3	79.8	1.6	1.6	10.4	2.2	2.9	100.0	
Foreign Controlled Share (%)	3.0	15.5	67.9	16.5	12.9	38.6	15.2	26.9	49.4	

Notes: *Totals may not add due to rounding.
**Amount too small to be expressed.

Source: CALURA, 1969-1973.

TAXABLE INCOME OF FOREIGN CONTROLLED CORPORATIONS BY PROVINCE, BY INDUSTRY,
1969-1973 AVERAGE (Per Cent)

Appendix Table 3

	Agriculture, Forestry and Fishing	Mining	Manufacturing	Construction	Utilities	Wholesale Trade	Retail Trade	Services	Total
Newfoundland	89.4*	46.5	32.5	47.3	13.0	19.8*	10.3*	36.3	
Prince Edward Island	-	42.3	..	4.4*	17.1*	24.4*	7.9*	20.4	
Nova Scotia	16.1*	85.4*	65.1	12.4	6.0*	28.2	23.7	18.8*	38.0
New Brunswick	24.5*	45.9*	52.7	1.8*	7.6	27.0	23.8*	19.1	24.6
Quebec	10.2*	41.3	56.6	10.6	21.8*	26.1	18.7	31.3	41.2
Ontario	7.2	49.5	67.6	15.1	10.6	35.5	25.0	25.1	49.9
Manitoba	14.3*	57.0	53.2	23.2*	29.3	29.8	43.4	21.8	41.9
Saskatchewan	4.5	68.1	60.3	16.8	30.6	27.5	27.7	18.1	38.8
Alberta	2.6*	89.6	69.6	22.7*	48.4	31.2	28.1	22.5	54.1
British Columbia	14.0	39.6	46.9	12.3	25.9	27.8	25.2	19.1	33.8
All Provinces	10.0	61.9	62.0	15.8	24.1	30.9	24.9	25.0	45.1
All Provinces 1965-68 Average	20.7	55.0	63.8	20.6	22.1	35.7	37.4	38.7	**
Ontario 1965-68 Average	14.3	59.3	70.0	19.0	20.9	39.7	36.3	39.1	**

Notes: * Averages based on incomplete data.

- Nil

.. Figures unavailable.

Source: CALUSA, 1969-1973

ONTARIO ALLOCATION OF CORPORATE TAXABLE INCOME BY INDUSTRY
AND BY CONTROL, 1969-1973

Appendix Table 4

Industrial Division Country of Control	1969		1970		1971		1972		1973	
	\$ million	%								
<u>Agriculture, Forestry and Fishing</u>										
U.S.	x	x	x	x	x	x	0.5	3.0	x	x
U.K.	-	-	-	-	-	-	-	-	-	-
Other Foreign	x	x	x	x	x	x	-	-	x	x
Total Foreign	0.8	6.7	1.2	10.5	0.9	7.9	0.5	3.0	2.0	8.1
Canada	6.5	54.1	5.4	46.8	5.8	52.6	9.8	64.1	15.2	61.5
Unclassified	4.7	39.2	4.9	42.7	4.4	39.5	5.0	32.8	7.5	30.4
Total	12.0	100.0	11.5	100.0	11.0	100.0	15.2	100.0	24.7	100.0
<u>Mining</u>										
U.S.	35.8	54.8	88.9	80.1	41.1	69.2	12.8	21.0	x	x
U.K.	x	x	x	x	0.9	1.5	1.5	2.5	1.6	1.0
Other Foreign	x	x	x	x	0.1	0.2	0.2	0.3	x	x
Total Foreign	36.7	56.2	90.3	81.4	42.1	70.8	14.5	23.8	26.3	15.5
Canada	27.8	42.6	19.8	17.8	16.5	27.8	45.6	74.8	142.5	83.9
Unclassified	0.8	1.2	0.9	0.8	0.8	1.4	0.9	1.4	1.0	0.6
Total	65.3	100.0	111.0	100.0	59.4	100.0	60.9	100.0	169.8	100.0
<u>Manufacturing</u>										
U.S.	848.7	59.2	708.6	56.9	958.8	63.6	1,164.9	64.9	1,389.0	59.8
U.K.	53.7	3.7	41.8	3.3	45.7	3.0	68.7	3.8	100.6	4.3
Other Foreign	23.4	1.6	34.3	2.7	54.8	3.6	61.7	3.4	87.1	3.8
Total Foreign	925.8	64.5	784.7	62.9	1,059.3	70.3	1,295.3	72.2	1,576.7	67.9
Canada	477.1	33.3	431.2	34.5	416.6	27.6	467.3	26.0	711.7	30.6
Unclassified	31.9	2.2	32.6	2.6	31.8	2.1	32.4	1.8	35.2	1.5
Total	1,434.8	100.0	1,248.5	100.0	1,507.8	100.0	1,795.0	100.0	2,323.6	100.0

cont'd

Industrial Division Country of Control	1969		1970		1971		1972		1973	
	\$ million	%								
<u>Construction</u>										
U.S.	x	3.9	3.2	x	x	2.1	1.5	23.1	13.7	25.6
U.K.	x	x	x	0.3	0.3	x	1.4	3.9	2.3	5.6
Other Foreign						x	0.8	1.4	0.8	2.9
Total Foreign	16.6	13.8	15.8	13.8	20.2	14.5	28.4	16.9	31.5	0.2
Canada	68.0	56.4	64.3	56.1	82.4	59.3	104.1	61.9	117.4	16.5
Unclassified	35.9	29.8	34.5	30.1	36.3	26.1	35.8	21.3	41.9	61.5
Total	120.5	100.0	114.6	100.0	138.8	100.0	168.4	100.0	190.8	22.0
										100.0
<u>Utilities</u>										
U.S.	17.0	8.5	15.0	7.0	21.7	11.4	23.2	10.4	29.3	11.7
U.K.	x	x	0.2	0.1	0.6	0.3	1.0	0.5	1.7	0.7
Other Foreign	x	x	1.1	0.5	0.3	0.2	0.8	0.4	1.4	0.6
Total Foreign	19.3	9.6	16.3	7.6	22.6	11.9	25.0	11.3	32.4	12.9
Canada	167.8	83.8	187.8	87.4	156.7	82.6	186.2	83.7	208.5	83.0
Unclassified	13.3	6.6	10.7	5.0	10.3	5.5	11.2	5.0	10.4	4.1
Total	200.4	100.0	214.8	100.0	189.6	100.0	222.4	100.0	251.3	100.0
<u>Wholesale Trade</u>										
U.S.	63.6	22.8	72.8	25.3	90.4	27.0	128.6	30.8	153.8	29.0
U.K.	15.2	5.5	13.7	4.8	20.0	6.0	18.7	4.5	36.4	6.9
Other Foreign	8.3	3.0	7.2	2.5	11.3	3.4	13.9	3.3	14.6	2.8
Total Foreign	87.1	31.3	93.7	32.6	121.7	36.4	161.3	38.6	204.8	38.6
Canada	158.1	56.8	160.0	55.6	178.6	53.3	224.7	53.8	291.3	54.9
Unclassified	33.2	11.9	33.8	11.8	34.4	10.3	32.0	7.7	34.6	6.5
Total	278.4	100.0	287.5	100.0	334.7	100.0	418.0	100.0	530.7	100.0

cont'd

Industrial Division Country of Control	1969		1970		1971		1972		1973	
	\$ million	%								
<u>Retail Trade</u>										
U.S.	59.1	30.6	56.0	28.2	54.4	26.3	47.1	18.9	40.1	13.8
U.K.	1.3	0.7	2.0	1.0	3.7	1.8	5.2	2.1	3.2	1.1
Other Foreign	0.2	0.1	0.3	0.2	0.1	0.1	0.2	0.1	0.9	0.3
Total Foreign	60.6	31.4	58.4	29.4	58.2	28.1	52.6	21.0	44.2	15.2
Canada	87.0	45.2	94.2	47.5	102.4	49.5	149.4	59.8	191.5	65.8
Unclassified	45.2	23.4	45.9	23.1	46.3	22.4	47.8	19.1	55.5	19.1
Total	192.8	100.0	198.4	100.0	206.9	100.0	249.8	100.0	291.2	100.0
<u>Services</u>										
U.S.	32.4	24.0	31.0	22.3	33.9	21.4	43.0	24.8	54.8	25.5
U.K.	1.0	0.7	0.9	0.7	1.2	0.7	1.5	0.9	1.7	0.8
Other Foreign	1.4	1.0	1.6	1.1	0.7	0.4	0.9	0.5	1.3	0.6
Total Foreign	34.8	25.7	33.5	24.1	35.8	22.6	45.4	26.2	57.8	26.9
Canada	53.9	39.8	56.5	40.6	66.8	42.2	73.7	42.6	95.5	44.4
Unclassified	46.7	34.5	49.0	35.3	55.8	35.2	54.1	31.2	61.6	28.7
Total	135.4	100.0	138.9	100.0	158.4	100.0	173.2	100.0	214.9	100.0
<u>Total Non-Financial Industries</u>										
U.S.	1,069.7	43.8	987.5	42.5	1,218.8	46.8	1,443.3	46.5	1,719.1	43.0
U.K.	76.2	3.1	61.1	2.6	74.1	2.8	100.5	3.2	150.8	3.8
Other Foreign	35.8	1.5	45.3	1.9	67.8	2.6	79.2	2.6	105.8	2.6
Total Foreign	1,181.7	48.4	1,093.9	47.0	1,360.7	52.2	1,623.0	52.3	1,975.7	49.4
Canada	1,046.2	42.9	1,019.1	43.9	1,025.8	39.4	1,260.8	40.6	1,773.7	44.4
Unclassified	211.7	8.7	212.2	9.1	220.2	8.4	219.1	7.1	247.5	6.2
Total	2,439.6	100.0	2,325.2	100.0	2,606.7	100.0	3,102.9	100.0	3,996.9	100.0

Notes: x = confidential
- = nil or zero

Source: CALURA, 1969-1973

EMPLOYEES BY INDUSTRIAL SECTOR, 1969-1973

Appendix Table 5

Industrial Sector	1969		1970		1971		1972		1973	
	'000	%	'000	%	'000	%	'000	%	'000	%
Agriculture, Forestry and Fishing	149	5.1	145	4.8	155	5.0	141	4.4	131	3.9
Mining	32	1.1	37	1.2	37	1.2	34	1.1	41	1.2
Manufacturing	862	29.4	843	28.2	840	27.3	883	27.4	929	27.6
Construction	182	6.2	182	6.1	191	6.2	188	5.8	207	6.1
Utilities	222	7.6	226	7.6	231	7.5	242	7.5	255	7.6
Wholesale Trade	116	4.0	120	4.0	130	4.2	142	4.4	154	4.6
Retail Trade	355	12.1	364	12.2	354	11.5	386	12.0	396	11.8
Services	1,012	34.5	1,076	36.0	1,141	37.1	1,202	37.4	1,253	37.2
TOTAL	2,930	100.0	2,993	100.0	3,079	100.0	3,218	100.0	3,366	100.0

Source: Estimates of Employees by Province and Industry, 1961-72, Statistics Canada (Cat. No. 72-513, Occasional); The Labour Force, Statistics Canada (Cat. No. 71-001); and Ontario Statistics 1975, Vol 2., Economic Series, Ministry of Treasury, Economics and Intergovernmental Affairs.

EMPLOYEES BY INDUSTRIAL SECTOR AND BY CONTROL IN ONTARIO, 1969-1973

Appendix Table 6

-22-

Industrial Sector	1969		1970		1971		1972		1973	
	'000	%	'000	%	'000	%	'000	%	'000	%
<u>Agriculture, Forestry and Fishing</u>										
U.S.	x	x	x	x	x	x	4.2	3.0	x	x
U.K.	-	-	-	-	-	-	-	-	-	-
Other Foreign	x	x	x	x	x	x	-	-	x	x
Total Foreign	10.0	6.7	15.2	10.5	12.2	7.9	4.2	3.0	10.6	8.1
Canada	80.6	54.1	67.9	46.8	81.5	52.6	90.4	64.1	80.6	61.5
Unclassified	58.4	39.2	61.9	42.7	61.2	39.5	46.2	32.8	39.8	30.4
Total	149.0	100.0	145.0	100.0	155.0	100.0	141.0	100.0	131.0	100.0
<u>Mining</u>										
U.S.	17.6	54.9	29.6	80.1	25.6	69.1	7.2	21.1	x	x
U.K.	x	x	x	x	0.6	1.6	0.8	2.4	0.4	1.0
Other Foreign	x	x	x	x	0.1	0.3	0.1	0.3	x	x
Total Foreign	18.0	56.2	30.1	81.4	26.2	70.7	8.1	23.8	6.4	15.5
Canada	13.6	42.6	6.6	17.8	10.3	27.9	25.4	74.7	34.4	83.9
Unclassified	0.4	1.2	0.3	0.8	0.5	1.4	0.5	1.5	0.2	0.6
Total	32.0	100.0	37.0	100.0	37.0	100.0	34.0	100.0	41.0	100.0
<u>Manufacturing</u>										
U.S.	510.3	59.2	479.7	56.9	534.3	63.6	573.1	64.9	555.5	59.8
U.K.	31.9	3.7	27.8	3.3	25.2	3.0	33.6	3.8	39.9	4.3
Other Foreign	13.8	1.6	22.8	2.7	30.2	3.6	30.0	3.4	35.3	3.8
Total Foreign	556.0	64.5	530.2	62.9	590.5	70.3	637.5	72.2	630.8	67.9
Canada	287.0	33.3	290.8	34.5	231.8	27.6	229.6	26.0	284.3	30.6
Unclassified	19.0	2.2	21.9	2.6	17.6	2.1	15.9	1.8	13.9	1.5
Total	862.0	100.0	843.0	100.0	840.0	100.0	883.0	100.0	929.0	100.0

cont'd

Industrial Sector	1969		1970		1971		1972		1973	
	'000	%	'000	%	'000	%	'000	%	'000	%
<u>Construction</u>										
U.S.	x	x	x	x	x	x	25.8	13.7	27.7	13.4
U.K.	5.8	3.2	x	x	2.9	1.5	4.3	2.3	6.0	2.9
Other Foreign	x	x	0.6	0.3	x	x	1.5	0.8	0.4	0.2
Total Foreign	25.1	13.8	25.1	13.8	27.7	14.5	31.8	16.9	34.2	16.5
Canada	102.7	56.4	102.1	56.1	113.3	59.3	116.4	61.9	127.3	61.5
Unclassified	54.2	29.8	54.8	30.1	49.9	26.1	40.0	21.3	45.5	22.0
Total	182.0	100.0	182.0	100.0	191.0	100.0	188.0	100.0	207.0	100.0
<u>Utilities</u>										
U.S.	18.9	8.5	15.8	7.0	26.3	11.4	25.7	10.6	29.8	11.7
U.K.	x	x	0.2	0.1	0.7	0.3	1.2	0.5	1.8	0.7
Other Foreign	x	x	1.1	0.5	0.5	0.2	1.0	0.4	1.5	0.6
Total Foreign	21.3	9.6	17.2	7.6	27.5	11.9	27.8	11.5	32.9	12.9
Canada	186.1	83.8	197.5	87.4	190.8	82.6	202.6	83.7	211.7	83.0
Unclassified	14.7	6.6	11.3	5.0	12.7	5.5	12.1	5.0	10.5	4.1
Total	222.0	100.0	226.0	100.0	231.0	100.0	242.0	100.0	255.0	100.0
<u>Wholesale Trade</u>										
U.S.	26.5	22.8	30.4	25.3	35.1	27.0	43.7	30.8	44.7	29.0
U.K.	6.4	5.5	5.8	4.8	7.8	6.0	6.4	4.5	10.6	6.9
Other Foreign	3.4	2.9	3.1	2.6	4.4	3.4	4.7	3.3	4.3	2.8
Total Foreign	36.3	31.3	39.1	32.6	47.3	36.4	54.8	38.6	59.4	38.6
Canada	65.9	56.8	66.7	55.6	69.3	53.3	76.4	53.8	84.6	54.9
Unclassified	13.8	11.9	14.2	11.8	13.4	10.3	10.9	7.7	10.0	6.5
Total	116.0	100.0	120.0	100.0	130.0	100.0	142.0	100.0	154.0	100.0

cont'd.....

Industrial Sector	1969		1970		1971		1972		1973	
	'000	%	'000	%	'000	%	'000	%	'000	%
Retail Trade										
U.S.	108.6	30.6	102.7	28.2	93.1	26.3	73.0	18.9	54.7	13.8
U.K.	2.5	0.7	3.6	1.0	6.4	1.8	8.1	2.1	4.4	1.1
Other Foreign	0.4	0.1	0.7	0.2	0.4	0.1	0.4	0.1	1.2	0.3
Total Foreign	111.5	31.4	107.0	29.4	99.5	28.1	81.1	21.0	60.2	15.2
Canada	160.5	45.2	172.9	47.5	175.2	49.5	230.8	59.8	260.6	65.8
Unclassified	83.1	23.4	84.1	23.1	79.3	22.4	73.7	19.1	75.6	19.1
Total	355.0	100.0	364.0	100.0	354.0	100.0	386.0	100.0	396.0	100.0
Services										
U.S.	242.9	24.0	240.0	22.3	244.2	21.4	298.1	24.8	319.5	25.5
U.K.	7.1	0.7	7.5	0.7	8.0	0.7	10.8	0.9	10.0	0.8
Other Foreign	10.1	1.0	11.8	1.1	4.6	0.4	6.0	0.5	7.5	0.6
Total Foreign	260.1	25.7	259.3	24.1	257.9	22.6	314.9	26.2	337.1	26.9
Canada	402.8	39.8	436.9	40.6	481.5	42.2	512.1	42.6	556.3	44.4
Unclassified	349.1	34.5	379.8	35.3	401.6	35.2	375.0	31.2	359.6	28.7
Total	1,012.0	100.0	1,076.0	100.0	1,141.0	100.0	1,202.0	100.0	1,253.0	100.0
Total Non-Financial Industries										
U.S.	924.8	31.6	871.2	29.1	958.5	31.1	1,050.8	32.7	1,031.9	30.7
U.K.	53.7	1.8	44.9	1.5	51.6	1.7	65.2	2.0	73.1	2.2
Other Foreign	27.7	0.9	40.1	1.3	40.2	1.3	43.7	1.4	50.2	1.5
Total Foreign	1,038.3	35.4	1,023.2	34.2	1,088.8	35.4	1,160.2	36.1	1,171.6	34.8
Canada	1,299.2	44.3	1,341.4	44.8	1,353.7	44.0	1,483.7	46.1	1,639.8	48.7
Unclassified	592.7	20.2	628.3	21.0	636.2	20.7	574.3	17.8	555.1	16.5
Total	2,930.2	100.0	2,992.9	100.0	3,078.7	100.0	3,218.2	100.0	3,366.3	100.0

Source: Appendix Tables 4 and 5. In constructing this table, it was assumed that the distribution of employees among the foreign and Canadian controlled segments of each industrial sector is proportionate to the distribution of taxable income. Thus, it was possible to estimate the number of employees in the foreign and Canadian controlled segments of an industrial sector from the total in a sector and the distribution of taxable income among its foreign and Canadian controlled segments. The total number of employees in foreign and Canadian controlled industries can then be determined by summing the numbers in each industrial sector.

NUMBER OF CORPORATIONS IN ONTARIO BY
INDUSTRY 1969-1971 AVERAGE

Appendix Table 7

Industry	Ontario only	Ontario and other Provinces	Total
Agriculture, Forestry and Fishing			
	628	5	633
Mining	134	39	172
Manufacturing	4,683	1,023	5,706
Construction	4,075	96	4,171
Utilities	1,176	111	1,287
Wholesale Trade	4,759	677	5,437
Retail Trade	5,998	113	6,110
Finance	10,577	284	10,861
Services	4,868	228	5,096
Total	36,898	2,575	39,474
Total, Non-Financial Industries			
	26,321	2,291	28,612

Source: Statistics Canada, Corporation Taxation Statistics (Cat. No. 61-208, Annual), 1970-1971.

VALUE ADDED PER EMPLOYEE IN ONTARIO
MANUFACTURING, BY SIZE, 1970-1971 AVERAGE

Appendix Table 8

Number of Employees	Number of Establishments	Value Added per Employee (\$000)
Less than 5	3,579	13,336
5-49	6,384	11,439
50-100	1,180	13,158
100-199	822	14,013
200-499	546	14,093
500-999	148	17,501
1,000 +	80	18,490

Source: Statistics Canada, Manufacturing Industries of Canada: Ontario (Cat. No. 31-206, Annual), 1971.

TAXABLE INCOME OF NON-FINANCIAL CORPORATIONS BY REGION, BY COUNTRY
OF CONTROL, 1973 (\$ Million) (Per Cent of Canada in Brackets)

Appendix Table 9

Region	U.S.	U.K.	Other Foreign	Total Foreign	Canada	Unclassified	Total
Newfoundland	18.2 (0.5)	4.8 (1.3)	2.5 (0.8)	25.5 (0.6)	57.3 (1.4)	8.6 (1.2)	91.4 (1.0)
Prince Edward Island	2.4 (0.1)	0.6 (0.2)	0.8 (0.3)	3.8 (0.1)	9.5 (0.2)	2.8 (0.4)	16.1 (0.2)
Nova Scotia	44.3 (1.3)	9.6 (2.7)	6.3 (2.0)	60.3 (1.4)	72.3 (1.7)	18.4 (2.6)	151.0 (1.7)
New Brunswick	30.7 (0.9)	4.4 (1.2)	8.5 (2.7)	43.6 (1.0)	77.6 (1.8)	15.6 (2.2)	136.8 (1.5)
Quebec	591.0 (17.0)	116.2 (32.4)	64.8 (20.4)	772.0 (18.6)	1,013.3 (24.0)	135.4 (19.0)	1,920.7 (21.1)
Ontario	1,719.1 (49.4)	150.8 (42.1)	105.8 (33.3)	1,975.7 (47.5)	1,773.7 (42.0)	247.5 (34.7)	3,996.9 (43.9)
Manitoba	97.5 (2.8)	10.2 (2.8)	12.3 (3.9)	120.0 (2.9)	161.4 (3.8)	29.1 (4.1)	310.5 (3.4)
Saskatchewan	81.8 (2.3)	3.1 (0.9)	6.5 (2.0)	91.5 (2.2)	94.6 (2.2)	33.1 (4.6)	219.2 (2.4)
Alberta	532.8 (15.4)	14.2 (4.0)	55.4 (17.4)	620.3 (14.5)	301.6 (7.1)	89.9 (12.6)	993.8 (10.9)
British Columbia	347.4 (10.0)	44.2 (12.3)	53.8 (16.9)	445.4 (10.7)	623.3 (14.8)	129.5 (18.2)	1,198.2 (13.2)
TOTAL	3,483.0 (100.0)	358.6 (100.0)	317.9 (100.0)	4,159.5 (100.0)	4,224.2 (100.0)	712.5 (100.0)	9,096.2 (100.0)

Source: CALURA, 1973.

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